# CMS Manual System

## Pub 100-04 Medicare Claims Processing

**Transmittal 770**

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: DECEMBER 2, 2005

**Change Request 4194**

**SUBJECT: Fee Schedule Update for 2006 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)**

**I. SUMMARY OF CHANGES:** The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations. The update process for the DMEPOS fee schedule is located in §60 of Chapter 23 of the Medicare Claims Processing Manual (Pub. 100-04). This recurring update notification provides specific instructions regarding the annual update for the 2006 DMEPOS fee schedule.

**NEW/REVISED MATERIAL**
**EFFECTIVE DATE: January 01, 2006**
**IMPLEMENTATION DATE: January 03, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)
R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

| R/N/D | Chapter / Section / SubSection / Title |
|-------|----------------------------------------|
| N/A   |                                        |

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

**IV. ATTACHMENTS:**

Recurring Update Notification

*Unless otherwise specified, the effective date is the date of service.*

# Attachment – Recurring Update Notification

| Pub. 100-04 | Transmittal: 770 | Date: December 2, 2005 | Change Request 4194 |
|---|---|---|---|

**SUBJECT:  Fee Schedule Update for 2006 for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)**

## I.    GENERAL INFORMATION

**A.    Background:**  The DMEPOS fee schedules are updated on an annual basis in accordance with the statute and regulations.  The update process for the DMEPOS fee schedule is located in §60 of Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04).

**B.    Policy:**  This recurring update notification provides specific instructions regarding the 2006 annual update for the DMEPOS fee schedule.  Payment on a fee schedule basis is required for durable medical equipment (DME), prosthetic devices, orthotics, prosthetics, and surgical dressings by §1834(a), (h), and (i) of the Social Security Act.  Payment on a fee schedule basis is required for parenteral and enteral nutrition (PEN) by regulations contained at 42 CFR 414.102.

Modifiers "AV" and "AU" are being added to HCPCS code A5120 for billing items furnished in conjunction with facial prosthetics and urological supplies, respectively.

The fee schedule amount for HCPCS code L2005 is being revised effective January 1, 2006, to ensure that the code's allowable amount is representative of a full knee, ankle, foot orthosis (KAFO), including the joint component.

The CMS Division of Data Systems (DDS) is scheduled to electronically release the 2006 DMEPOS Fee Schedule file (filename:  MU00.@BF12393.DMEPOS.T060101.V1114) to the statistical analysis durable medical equipment regional carrier (SADMERC), DMERCs, and local Part B carriers via CMS's mainframe telecommunication system on November 14, 2005.  The DDS is scheduled to release a separate 2006 DMEPOS Fee Schedule file (filename:  MU00.@BF12393.DMEPOS.T060101.V1116.FI) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on November 16, 2005.  The fee schedule file is scheduled to be available through the CMS homepage by November 16, 2005, for interested parties like the State Medicaid Agencies and managed care organizations.  The 2006 fee schedule for PEN is scheduled to be released to the SADMERC and DMERCs in a separate file (filename: MU00.@BF12393.PEN.CY06.V1101) on November 14, 2005.

The HCPCS codes that do not yet have corresponding fee schedule amounts are contained in the 2006 DMEPOS Fee Schedule file and are identifiable by a gap-fill indicator of "1."  These codes have associated pricing amounts of 0.  The DDS will release an addendum file to contractors on December 8, 2005, containing gap-filled fee schedule amounts for many of these codes.  The DDS files will not contain fee schedule amounts for non-continental areas under local carrier jurisdiction.  Local carriers must update their local fee schedule amounts for these areas using the appropriate covered item updates.

Codes L8609 and L8685 thru L8689 describe items that are subject to the fee schedule for prosthetics and orthotics (PO) and are being added to the HCPCS effective January 1, 2006. These codes fall under the jurisdiction of the local carriers rather than the DMERCs. CMS will be calculating the fee schedule amounts for these items using the standard gap-filling process. Therefore, local carriers do not need to gap-fill base fees for these codes. The description for these codes can be obtained from the 2006 HCPCS file as soon as it becomes available at www.cms.hhs.gov/medicare/hcpcs/default.asp

The DDS is scheduled to electronically release the 2006 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T060101.GAP.V1208) to the statistical analysis durable medical equipment regional carrier (SADMERC), DMERCs, and local Part B carriers via CMS's mainframe telecommunication system on December 8, 2005. The DDS is scheduled to release a separate 2006 DMEPOS Gap-fill Fee Schedule file (filename: MU00.@BF12393.DMEPOS.T060101.GAP.V1208.FI) to the intermediaries, regional home health intermediaries, Railroad Retirement Board (RRB), Indian Health Service, and United Mine Workers on December 8, 2005.

The following codes are being deleted from the HCPCS effective January 1, 2006, and are therefore being removed from the DMEPOS and PEN fee schedule files:

A4254
A4643 thru A4647
A5119
A5509
A5511
B4184
B4186
E0169
E0752
E0754 thru E0759
E0953
E0954
E0972
E0996
E1000
E1001
E1019
E1021
E1025 thru E1027
E1210 thru E1213
E1239
K0064
K0066
K0067
K0068
K0074
K0075
K0076

K0078
K0102
K0104
K0106
K0415
K0416
K0452
K0600
K0618 thru K0620
K0628 thru K0649
K0670
K0671
K0731
K0732
L0860
L1750
L3963
L8100
L8110
L8120
L8130
L8140
L8150
L8160
L8170
L8180
L8190
L8195
L8200
L8230
L8239
L8620

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*
*"Should" denotes an optional requirement*

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| 4194.1 | DMERCs shall gap-fill base fee schedule amounts for each State in their region for the following new HCPCS codes that will be subject to the DMEPOS fee schedules in 2006:<br><br>Ostomy, Tracheostomy, or Urological Supplies (OS)<br>A4363, A4411, A4412<br><br>Inexpensive or Routinely Purchased DME (IN)<br>A4233, A4234, A4235, A4236, A4604, E0485, E0486, E2216, E2217,E2218, E2222, E2223, E2225, E2226, E2371, E2372<br><br>Capped Rental DME (CR)<br>E0170, E0171, E0911, E0912, E1812<br><br>Prosthetics and Orthotics (PO)<br>L0624, L0629, L0632, L0634, L2034, L2387, L3671, L3672, L3673, L3702, L3763, L3764, L3765, L3766, L3905, L3913, L3919, L3921, L3933, L3935, L3961, L3967, L3971, L3973, L3975, L3976, L3977, L3978, L5703, L5971, L6621, L6677, L6883, L6884, L6885, L7400, L7401, L7402, L7403, L7404, L7405<br><br>Surgical Dressings (SD)<br>A6513 | | | | X | | | | | |
| 4194.1.1 | DMERCs shall submit ASCII files containing the base fees for the codes above to CMS central office by December 5, 2005. | | | | X | | | | | |
| 4194.1.2 | DMERCs shall follow the instructions for submitting base fee schedule amounts located in §60 of Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04). Base fee schedule amounts submitted to CMS shall not be updated by any update factors other than the | | | | X | | | | | |

| Requirement Number | Requirements | FI | RHHI | Carrier | DMERC | FISS | MCS | VMS | CWF | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Shared System Maintainers | | | | |
| | 1.7% (1989) update factor for DME and prosthetics and orthotics.  The 2005 deflation factors are:  .567 for CR; .568 for IN, OS, and PO. | | | | | | | | | |
| 4194.2 | Carriers shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T060101.V1114) as soon as possible.  This file is available for download on or after November 14, 2005. | | | X | X | | | | | |
| 4194.3 | FIs shall retrieve the DMEPOS fee schedule file (filename: MU00.@BF12393.DMEPOS.T060101.V1116.FI) by November 16, 2005. | X | X | | | | | | | |
| 4194.4 | DMERCs shall retrieve the PEN fee schedule file (filename: MU00.@BF12393.PEN.CY06.V1101) as soon as possible.  This file is available for download on or after November 14, 2005. | | | | X | | | | | |
| 4194.5 | Carriers shall retrieve the DMEPOS Gap-fill fee schedule file (filename: MU00.@BF12393.DMEPOS.TO60101.GAP.V1208) by December 8, 2005. | | | X | X | | | | | |
| 4194.6 | FIs shall retrieve the DMEPOS Gap-fill fee schedule file (filename: MU00.@BF12393.DMEPOS.T060101.GAP.V1208.FI) by December 8, 2005. | X | X | | | | | | | |
| 4194.7 | The HCPCS codes listed below are being added to the HCPCS on January 1, 2006, and shall be added to the CWF categories (in parentheses) as follows:<br><br>A4218 (16,60)<br>A4233 thru A4236 (4,60)<br>A4363 (3,60)<br>A4411 (3,60)<br>A4412 (3,60)<br>A4604 (4,60) | | | | | | | | X | |

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F I | R H H I | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| | | | | | | F I S S | M C S | V M S | C W F | |
| | A5120 (3,60) | | | | | | | | | |
| | A5512 (3,60) | | | | | | | | | |
| | A5513 (3,60) | | | | | | | | | |
| | A6457 (21,60) | | | | | | | | | |
| | A6513 (21,60) | | | | | | | | | |
| | A6530 (21,60) | | | | | | | | | |
| | A6531 (21,60) | | | | | | | | | |
| | A6532 (21,60) | | | | | | | | | |
| | A6533 thru A6544 (21,60) | | | | | | | | | |
| | A6549 (21,60) | | | | | | | | | |
| | A9275 (60) | | | | | | | | | |
| | A9281 (60) | | | | | | | | | |
| | A9282 (60) | | | | | | | | | |
| | B4185 (9,59,60) | | | | | | | | | |
| | E0170 thru E0172 (1,60) | | | | | | | | | |
| | E0485 (4,60) | | | | | | | | | |
| | E0486 (4,60) | | | | | | | | | |
| | E0641 (4,60) | | | | | | | | | |
| | E0642 (4,60) | | | | | | | | | |
| | E0705 (4,60) | | | | | | | | | |
| | E0762 (1,60) | | | | | | | | | |
| | E0764 (4,60) | | | | | | | | | |
| | E0911 (1,60) | | | | | | | | | |
| | E0912  (1,60) | | | | | | | | | |
| | E1392 (6,59,60) | | | | | | | | | |
| | E1812 (1,60) | | | | | | | | | |
| | E2207 thru E2210 (4,60) | | | | | | | | | |
| | E2211 (4,60) | | | | | | | | | |
| | E2212 thru E2226 (4,60) | | | | | | | | | |
| | E2371 (4,60) | | | | | | | | | |
| | E2372 (4,60) | | | | | | | | | |
| | L0491 (3,60) | | | | | | | | | |
| | L0492 (3,60) | | | | | | | | | |
| | L0621 thru L0640 (3,60) | | | | | | | | | |
| | L0859 (3,60) | | | | | | | | | |
| | L2034 (3,60) | | | | | | | | | |
| | L2387 (3.60) | | | | | | | | | |
| | L3671 thru L3673 (3,60) | | | | | | | | | |

| Requirement Number | Requirements | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | FISS | MCS | VMS | CWF | |
| | L3702 (3,60) <br> L3763 thru L3766 (3,60) <br> L3905 (3,60) <br> L3913 (3,60) <br> L3919 (3,60) <br> L3921 (3,60) <br> L3933 (3,60) <br> L3935 (3,60) <br> L3961 (3,60) <br> L3967 (3,60) <br> L3971 (3,60) <br> L3973 (3,60) <br> L3975 thru L3978 (3,60) <br> L5703 (3,60) <br> L5858 (3,60) <br> L5971 (3,60) <br> L6621 (3,60) <br> L6677 (3,60) <br> L6883 thru L6885 (3,60) <br> L7400 thru L7405 (3,60) <br> L7600 (3,60) <br> L8609 (67) <br> L8623 (67) <br> L8624 (67) <br> L8680 thru L8689 (3,67) | | | | | | | | | |
| 4194.8 | Contractors shall use the 2006 DMEPOS fee schedule payment amounts to pay claims for items furnished from January 1, 2006, through December 31, 2006. | X | X | X | X | | | | | |
| 4194.9 | DMERCs shall use the 2006 PEN fee schedule payment amounts to pay claims for items furnished from January 1, 2006, through December 31, 2006. | | | | X | | | | | |
| 4194.10 | DMERCs shall instruct suppliers to add modifier AV, in addition to HCPCS code A5120, when billing for facial prosthetic items. DMERCs shall instruct suppliers that they may | | | | X | | | | | |

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| | not bill modifier AV for items that are not furnished in conjunction with a facial prosthesis. | | | | | | | | | |
| 4194.11 | DMERCs shall instruct suppliers to add modifier AU, in addition to HCPCS code A5120, when billing for urological items. DMERCs shall instruct suppliers that they may not bill modifier AU for items that are not furnished in conjunction with urological supplies. | | | | X | | | | | |
| 4194.12 | Carriers and DMERCs and FIs shall implement quarterly changes to the 2006 DMEPOS fee schedules in accordance with instructions in §60.2, Chapter 23 of the Medicare Claims Processing Manual (Pub 100-04) and the schedule below. | X | | X | X | | | | | |

**Schedule for changes for 2006 DMEPOS Fees (Local Carriers or DMERCs) or PEN Fees (DMERCs)**

| Changes to DDS* (Mary Anne Stevenson) | DDS Transmit Files | Contractors Implement |
|---|---|---|
| January 31 | February 14 | April 3, 2006 |
| April 12 | May 5 | July 3, 2006 |
| July 19 | August 11 | October 2, 2006 |
| September 15 | November 8 | January 1, 2007 |

\*      DMERCs or local carriers will forward changes to ROs.  ROs will forward requests to DDS/Mary Anne Stevenson.

## III. PROVIDER EDUCATION

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | FI | RHHI | Carrier | DMERC | Shared System Maintainers | | | | Other |
| | | | | | | FISS | MCS | VMS | CWF | |
| 4194.13 | A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released.  You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article.  In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | X | X | X | X | | | | | |

## IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

**A.   Other Instructions:  N/A**

| X-Ref Requirement # | Instructions |
|---|---|
| | |

**B.   Design Considerations: N/A**

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---|---|
| | |

**C.   Interfaces:  N/A**

**D.   Contractor Financial Reporting /Workload Impact:  N/A**

**E.      Dependencies:  N/A**

**F.      Testing Considerations:  N/A**

**V.      SCHEDULE, CONTACTS, AND FUNDING**

| | |
|---|---|
| **Effective Date*:**  January 1, 2006<br><br>**Implementation Date:**  January 3, 2006<br><br>**Pre-Implementation and Post-Implementation Contact(s):**  Karen Jacobs 410-786-2173<br>                    Joel Kaiser  410-786-4499 | **No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.** |

***Unless otherwise specified, the effective date is the date of service.**